

SENATE BILL REPORT

SB 5435

As of February 23, 2009

Title: An act relating to protecting financial and medical information presented to the board of accountancy.

Brief Description: Protecting financial and medical information presented to the board of accountancy.

Sponsors: Senators Marr, Swecker, Holmquist, McDermott, Shin and Tom; by request of State Board of Accountancy.

Brief History:

Committee Activity: Labor, Commerce & Consumer Protection: 2/03/09.

SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

Staff: Alison Mendiola (786-7483)

Background: The Public Accountancy Act (Act) governs the practice of accounting in this state. Under the Act, both accountants and accounting firms must be licensed to hold themselves out as certified public accountants (CPAs). The Board of Accountancy (Board) adopts rules, conducts investigations, and otherwise administers the Act.

Certified Public Accountants in Washington State must keep client records and their own work products derived from client records confidential. Currently, when those records are provided to the Washington State Board of Accountancy as a result of an inquiry, complaint, or investigation, those records become subject to public disclosure or discovery.

Summary of Bill: The financial records of CPAs and clients are not subject to disclosure under the Public Records Act, chapter 42. 56 RCW, and such records are privileged, and not subject to discovery or use as evidence in any civil action or arbitration. This includes, but is not limited to, records involving asset transfer documents and related legal documents by those licensed to practice law, the CPA's work product derived from the confidential financial records of clients, financial statements, tax returns, and confidential medical information related to the CPA or clients that are provided to the Board in the course of an investigation or in conjunction with an application for licensure.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Information, documents, and records that are publicly available are not to be interpreted as exempt from disclosure, discovery, or use in any civil action if such information was considered by the Board in connection with a Board investigation, or application for licensure.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill clarifies that when certain sensitive or privileged documents are submitted to the Board in conjunction with licensure, application, or an investigation, it is not subject to disclosure.

CON: There is an action against the Board right now and this would impact access to the very information needed. More is being excluded from disclosure than should be allowed.

Persons Testifying: PRO: Senator Marr, prime sponsor; Richard Sweeney, Board of Accountancy.

CON: Larry Shannon, Washington State Association for Public Justice; Roland Thompson, Allied Daily Newspapers.